

# Australia COVID measures to have 'profound' long-term impact

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Australia faces stalled population growth and budget deficits until at least 2060 as a result of emergency COVID-19 measures, the government warned Monday.

The decision to slam shut its borders at the start of the pandemic, combined with lower fertility rates, mean slow [population](#) growth that

will weigh on the [economy](#), according to the 2021 Intergenerational Report.

A vast stimulus spending programme launched last year—which saw the government pump billions into the economy to avert a full-blown depression—will help keep the budget in [deficit](#) until at least 2060.

"This outlook has been profoundly affected by the COVID-19 pandemic, which has caused the most severe global economic shock since the Great Depression," the report says.

"While Australia's economic recovery is well advanced, some effects from this shock will persist for years to come."

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The nation's economic growth has been built on mining and agriculture and fuelled by several waves of mass migration from Europe, Asia and beyond.

But with migration not expected to return to pre-pandemic levels until 2024-2025, the report predicts Australia's population of 25.7 million will not grow to 38.8 million until 2060—six years later than previously forecast.

In a pattern repeated across the globe last year, economic shutdowns to curb the spread of the virus sent Australia tumbling into recession as whole industries ground to a halt.

Huge government borrowing to fund economic stimulus plunged the national budget into deficit, where it is now predicted to stay for

decades, exacerbated by the pressures of an ageing population.

Opposition Treasury spokesman Jim Chalmers said in a Tweet that the report revealed "an economy smaller than expected, growing slower, saddled with 40+ years of debt and deficits. Generational debt without a generational dividend".

Treasurer Josh Frydenberg, who launched the report in Melbourne, said it showed Australia would need to boost productivity to maintain living standards.

"With lower [population growth](#) and falling participation, economic growth will continue to be highly dependent on productivity gains," he said.

Australia's economy and unemployment rates have both rebounded to pre-pandemic levels after a better-than-expected recovery this year.

The country has been largely successful in containing COVID-19, with just over 30,000 cases recorded to date, but is now battling several localised outbreaks that have prompted the imposition of new restrictions.

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